

# Aberdeen Australia Equity Fund, Inc.



April 2014 Performance Data and Portfolio Composition

## Investment objective and policies

The Fund's principal investment objective is long-term capital appreciation through investment primarily in equity securities of Australian companies listed on the Australian Stock Exchange Limited ("ASX"). The Fund's secondary investment objective is current income.

## Performance

The latest available performance figures have been calculated net-of-fees in U.S. dollars for the period ending April 30, 2014:

### Total return as of April 30, 2014<sup>A</sup> (%)

	1 Month	3 Month	YTD	Annualized	1 Year	3 Years	5 Years	10 Years	Since Inception
NAV	1.7	12.5	7.7	NAV	-5.1	-0.7	12.6	10.3	8.2
Market Price	0.3	10.1	9.8	Market Price	-7.3	-1.7	14.1	12.3	8.2
S&P/ASX 200	1.7	13.8	7.6	S&P/ASX 200	-1.4	3.4	17.9	12.4	11.7

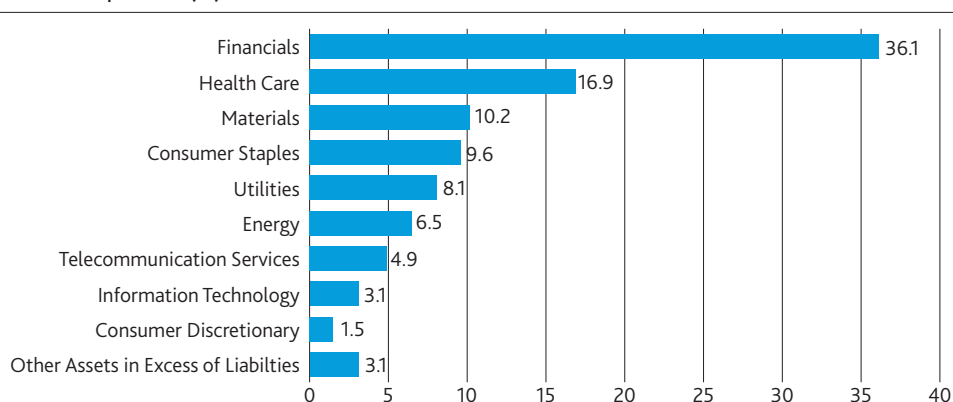
<sup>A</sup> Past performance is no guarantee of future results. Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than original cost. Current performance may be lower or higher than the performance data quoted. All return data includes investment management fees, administrative and custodial charges, bank loan expenses and assumes the reinvestment of all distributions. The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

### Top ten equity holdings<sup>B</sup> (based on total assets)

Holding	%
BHP Billiton PLC	11.6
Rio Tinto PLC	6.8
Australia & New Zealand Banking Group Ltd.	6.8
Commonwealth Bank of Australia	6.7
Woolworths Ltd.	5.8
Westfield Group	5.3
Singapore Telecommunications Ltd.	5.0
AMP Ltd.	4.8
ASX Ltd.	4.5
CSL Ltd.	4.5
<b>Total</b>	<b>61.8</b>

<sup>B</sup> Holdings are subject to change and are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities shown. The top ten holdings are reported by share class. Certain companies listed may be held in additional share classes not listed above.

### Portfolio composition<sup>C</sup> (%)



<sup>C</sup> Compositions are subject to change. Figures may not appear to sum due to rounding.

### As of April 30, 2014

#### NAV (unaudited) and market price

Net Asset Value per share	\$9.03
Market price	\$9.04
Premium to Net Asset Value	0.11%

#### 12 Month Range of Prices

NAV	
High on 05/03/2013	\$10.45
Low on 02/03/2014	\$8.10

#### Market price (based on closing price)

High on 09/18/2013	\$11.32
Low on 02/03/2014	\$8.40

Market price data source: Fund's accounting agent

### Key facts (unaudited)

#### Portfolio

78.9% of assets are invested in stocks which are included in the Australian Stock Exchange's 200 Leaders Index.

#### Distributions

For distribution information on the Fund please visit [aberdeeniaf.com](http://aberdeeniaf.com).

#### Ticker symbol: IAF (NYSE MKT)

Net assets \$207.0 Million

#### Expense ratio

Fiscal Year ended  
October 31, 2013 1.41%

Inception date December 12, 1985

Shares outstanding 22,925,320

The amount of distributions may vary due to market conditions and other factors.

### Portfolio management

#### Managed by:

- Team based in Sydney

#### Investment Management Philosophy:

- Proprietary research driven
- Combines top-down strategic fundamental analysis with bottom-up security selection

For further information on this Fund please call  
Aberdeen Asset Management Inc. Investor Relations  
(866)839-5205

All sources (unless indicated):  
Aberdeen Asset Management Inc.  
April 30, 2014

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## April 2014 Performance Data and Portfolio Composition

### Comparative data<sup>1</sup> (%)

	Aberdeen Australia Equity Fund, Inc.	S&P/ASX 200-2014
Price/Earnings Ratio	17.02	15.50

<sup>1</sup> Figures are as of April 30, 2014. P/E data is prospective. P/E ratio (price-to-earnings ratio) of a stock is a measure of the price paid for a share relative to the annual earnings per share.

### Fund managers' report

- Australian equities rose in April, with the benchmark MSCI Australia Index<sup>1</sup> approaching a five-year high before settling lower. Renewed fears over potentially higher US interest rates and slowing Chinese economic growth initially curbed risk appetite. Equities regained some poise after the US Federal Reserve soothed frayed nerves.
- In Fund-related corporate news, insurer QBE made headway in returning its North American division to profitability. The company's shares fell on reports that it may sell its US mid-market business. We think this would allow QBE to refocus on its core businesses. In the wave of asset sales by miners, BHP Billiton reportedly secured a tax exemption for the potential de-merger of up to A\$20 billion (roughly US\$18.5 billion) of non-core assets. BHP was also reportedly considering spinning off its aluminum and nickel operations, which we believe may unlock shareholder value and improve efficiency in its core operations.
- In April, we pared miner Rio Tinto amid concerns about the falling iron ore price. It remains a core holding because we believe it has a high-quality portfolio of assets with low operating costs, longevity and significant expansion opportunities. In our opinion, the company's focus on costs and trimming capital spending may improve shareholder returns, and the long-term picture remains robust.

<sup>1</sup> The MSCI Australia Index measures the performance of the large- and mid-cap segments of the Australia market. The index covers approximately 85% of the free-float-adjusted market capitalization in Australia.

### Important information

Under U.S. tax rules applicable to the Fund, the amount and character of distributable income for each fiscal year can be finally determined only as of the end of the Fund's fiscal year. The Fund anticipates that sources of distributions to shareholders may include net investment income, net realized short-term capital gains, net realized long-term capital gains and return of capital. The estimated composition of the distributions may vary from time to time because the estimated composition may be impacted by future income, expenses and realized gains and losses on securities. For more detailed information related to the composition of the Fund's distributions, see [aberdeenIAF.com](http://aberdeenIAF.com).

Aberdeen Asset Management Inc., the Fund's Administrator, has prepared this report based on information sources believed to be accurate and reliable. All reasonable care has been taken to ensure accuracy. However, the figures are unaudited and neither the Fund, the Administrator, Aberdeen Asset Management Asia Limited (the Investment Manager), Aberdeen Asset Management Limited (the Investment Adviser) nor any other person guarantees their accuracy. Investors should seek their own professional advice and should consider the investment objectives, risks, charges and expenses before acting on this information.

The S&P/ASX 200 index is a market-capitalization weighted and float-adjusted stock market index of Australian stocks listed on the Australian Securities Exchange from Standard & Poor's. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

**Investors should consider a fund's investment objectives, risks, charges and expenses carefully before investing. A copy of the prospectus for Aberdeen Australia Equity Fund, Inc. that contains this and other information about the fund may be obtained by calling 866-839-5205. Please read the prospectus carefully before investing. Investing in funds involves risk, including possible loss of principal.**

**Past performance does not guarantee future results.**

Aberdeen is a U.S. registered service mark of Aberdeen Asset Management PLC.

### Important risk disclosure

All performance shown is historical, assumes reinvestment of all dividends and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so when sold, shares may be worth more or less than that of the original cost. Total return based on market price reflects changes in market value. Total return based on net asset value reflects changes in the fund's net asset value during each period. Current performance may be lower or higher than the performance data quoted. This commentary is for informational purposes only, and is not intended as an offer or recommendation with respect to the purchase or sale of any security, option, future or other derivatives in such securities.

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund's portfolio. The Net Asset Value (NAV) is the value of an entity's assets less the value of its liabilities. The Market Price is the current price at which an asset can be bought or sold. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results.

International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods; these risks are generally heightened for emerging market investments. There are also risks associated with investing in Australia, including the risk of investing in a single-country Fund. Concentrating investments in the Australia region subjects the Fund to more volatility and greater risk of loss than geographically diverse funds. Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

To participate in the Dividend Reinvestment and Cash Purchase Plan please contact Computershare (800)647-0584  
[aberdeenIAF.com](http://aberdeenIAF.com)

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